



POLICY ACTION LAB



Highlights report

Territorial development for the green transition: Harnessing the potential of rural communities

Introduction

This Policy Action Lab organised by the Rural Pact Support Office (RPSO) jointly with DG AGRI and DG REGIO brought together over 120 participants from 31 European countries. It reflected on key **challenges and opportunities** for rural communities to benefit from the green transition and best ways to address them via the use of **territorial development tools**.

Organiser: Rural Pact Support Office



19 September 2024



Online



Around 120 participants (policymakers, public authorities, regional and local practitioners, experts, researchers, EU-funded project representatives)



Presentations & recordings ([here](#))



If you see this icon, click to watch the recording.



Main highlights from the discussions:

- > Greater uptake of EU territorial tools, such as LEADER/CLLD, Smart Villages and ITIs, is needed in rural areas. Raising local actors' awareness of the different funding possibilities and strengthening urban-rural linkages for more effective planning can help.
- > Access to long-term funding benefitting from low bureaucratic barriers, simplified implementation, and capacity building for managing authorities is essential.
- > The Rural Pact community can play a key role in boosting the use of integrated territorial development instruments such as ITIs and Smart Villages in rural areas by raising awareness among managing authorities and local actors, and by supporting peer learning. The Rural Toolkit can help raising awareness about EU funding opportunities for rural areas.

Welcome and framing the day

Taru Haapaniemi, Member of Cabinet of Janusz Wojciechowski, European Commission



The green transition is essential for rural areas: they contribute significantly to renewable energy production, while the bioeconomy has high potential to create rural jobs. In each EU Member State, Common Agricultural Policy Strategic Plans (CSP) envisage strong support for the green transition, including territorial tools such as LEADER.

Rural areas remain high on the political agenda of the new Commission, and the rural vision is there to ensure they are supported in a **comprehensive and coordinated** manner.

Setting the scene: Challenges and opportunities in the green transition for rural communities

The rural vision fostering place-based action in the green transition

Silvia Nanni (DG AGRI) ([PPT](#))

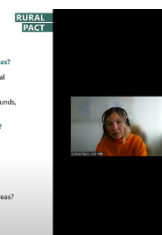


The green transition plays an important role among the shared goals of the long-term vision for the EU's rural areas. The European Commission's [action plan](#) envisages thematic action on energy communities, as well as activities to foster territorial approaches, in particular LEADER and Smart Villages.

The European Commission's report on '[The long-term vision for the EU's rural areas: key achievements and ways forward](#),' published in March 2024, contains **key questions for reflection** to help prepare rural policies post-2027. This includes questions on **challenges faced by rural communities** (such as the green transition) and on **territorial tools**.

Ways forward – Questions for reflection

- What are the key challenges arising from depopulation, ongoing transitions and structural changes?
- What are the best ways to address them in a **targeted way** that takes due account of the diversity of rural areas?
- How to **enhance financial support** for rural areas and communities through EU, national and regional funds, including improving synergies and complementarities?
- What is needed to improve financing, quality of delivery and effectiveness via e.g. CLLD/LEADER?
- How to improve the **monitoring and assessment of the resources** from the different EU funds and programmes?
- What is needed to **improve access to support** for the final beneficiary?
- What can be done for wider implementation of the **rural proofing mechanism** at all levels?
- What are the best policy tools to ensure **institutional, governance and integrated support** for rural areas?
- How to improve the **availability of policy-relevant rural statistics and data**, without increasing the administrative burden?



Keynote speech: Addressing challenges & seizing opportunities in the green transition for rural communities

José Enrique Garcilazo, Centre for Entrepreneurship, SMEs, Regions and Cities, OECD ([PPT](#))



Despite significant investments in climate adaptation and mitigation, rural areas are not reaping the benefits. Since the 2009 global financial crisis, the **gap between urban and rural areas has widened**. While rural regions produce significant amounts of clean energy, they are responsible for more CO₂ emissions per capita than cities.

Rural discontent is growing due to increased economic burden, social inequalities, and conflicts around cultural norms and values, as policies often favour urban centres and impose costs on rural communities. The OECD's [Rural Agenda for Climate Action](#) (RACA) emphasises the **need for place-based policies, local empowerment, and better access to services** to bridge the gap and align rural areas with climate adaptation and mitigation goals.

Key opportunities and challenges within the bioeconomy, energy, and water sectors: panel discussion with European Commission representatives

Bioeconomy

Laura Liepina (DG AGRI, European Commission)



Bioeconomy plays a crucial role in supporting a circular and low-carbon economy. With over 70 million people working in this sector across the EU, it has the potential to generate high-skill jobs in rural areas.

The [European Partnership for Agricultural Productivity \(EIP-AGRI\)](#) is an effective tool that integrates elements of both the [Common Agricultural Policy](#) (CAP) and [Horizon Europe](#) initiatives. However, enabling rural communities to benefit from bioeconomy opportunities requires further progress in engaging rural actors in value chains and overcoming limited investment capacities.

Renewable energy

Achille Hannoset (DG ENER, European Commission)



Energy projects in rural areas (e.g. wind and solar) offer significant potential for boosting their socio-economic development, provided it is linked to local empowerment through public-private partnerships.

Technical assistance for project development and support from urban-rural collaborations can help integrate rural areas into the European energy transition. However, challenges might arise due to a lack of professional knowledge of energy management and limited access to funding.

Water

Saskia Onnink (DG ENV, European Commission) ([PPT](#))



Enhanced water management is an urgent matter due to land mismanagement and the increased urbanisation. Rural areas have an advantageous position as they are able to implement nature-based solutions and influence the regional water cycle quickly.

The ongoing challenge of water scarcity is exacerbated by a persistent imbalance between supply and demand. Initiatives promoting an efficient water use, collaborative strategies and technological innovations play an important role in water management practices.

Working groups: How to harness the potential of rural communities to benefit from the green transition?

Bioeconomy

BE-Rural, Bio-based strategies and roadmaps for enhanced rural development in the EU

Jenny Tröltzsch, Ecologic Institute ([PPT](#))



[BE-Rural](#) is a Horizon 2020-funded project which supports and mobilises local and regional stakeholders in the development of inclusive and balanced bioeconomy strategies and roadmaps. Bio-based business models can add value regionally, but need to be linked with strong stakeholder as well as community involvement, and should consider environmental sustainability in the context of the regional ecosystem.

MAINSTREAM BIO, Mainstreaming small-scale, bio-based solutions across rural Europe

Leonidas Parodos, Q-PLAN INTERNATIONAL ([PPT](#))



[MAINSTREAM BIO](#) is a Horizon Europe funded project aiming to get small-scale, bio-based solutions into mainstream practices across rural Europe through multi-actor innovation platforms and innovation support services. Bioeconomy activities need financial support, availability of resources and stable regulatory framework, while key barriers include high costs (for both producers and consumers), public resistance and unsupportive legislation.

Key messages:

- > Key **opportunities** from the bioeconomy sector include high-quality jobs, new value chains, more circular and sustainable economies based on small-scale businesses and social enterprises.
- > **Challenges** revolve around a lack of knowledge and capacities, rural stereotypes and cultural differences between rural and urban areas.
- > **Ways to harness the potential of rural areas:** via financial support, capacity building and upskilling, rural innovation hubs or living labs, by targeting young people, by reducing bureaucracy, or via tax reliefs and making rural areas more attractive to entrepreneurs. Clear strategy, citizen dialogue and cooperation among different actors are also central.

Energy Communities

Lessons from the Rural Energy Community Advisory Hub (RECAH)

James Roscoe, Ricardo Energy & Environment ([PPT](#))



[RECAH](#) was a European Commission initiative aiming to accelerate the development of sustainable energy community projects in EU rural areas. It provided technical assistance to 28 energy communities, identified 20 good practices and developed over 10 guidance documents.

Rural energy communities are facing a number of internal and external challenges. They can be overcome through effective stakeholder engagement, clear and coherent regulatory frameworks, innovative financing mechanisms, and support of local authorities.

Telheiras renewable energy community

Miguel Macias Sequeira, Local Partnership of Telheiras, Portugal ([PPT](#))

The project, involving 20 partners, set up an energy community in the Telheiras neighbourhood of Lisbon and contributed to a wide range of economic, social, and environmental benefits. The project proposed ten simple steps of building an energy community: from pitching the idea to the local community and identifying partners, through identifying a location, legal entity and financial, and operational models, to identifying vulnerable families and obtaining licence.

Key messages:

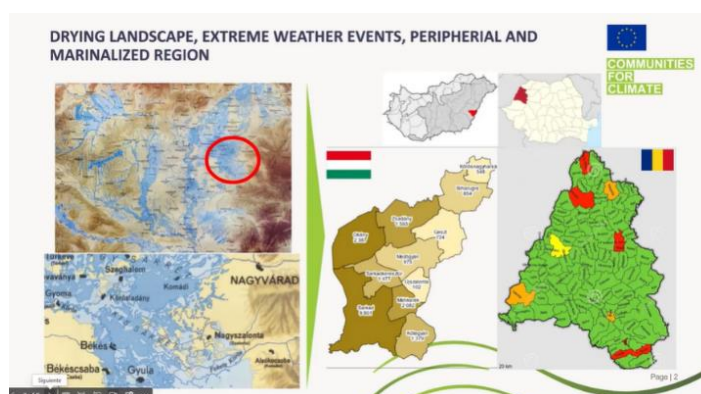
- > **Opportunities** from energy communities include: energy independence and security; enhanced biodiversity and reduced emissions; rural attractiveness; green jobs and business innovations (new models of partnership).
- > **Challenges** relate to regulatory and market complexities, social resistance, lack of awareness and expertise, as well as financial and infrastructural barriers.
- > Rural areas' **potential can be best harnessed** through direct (personalised) funding and capacity building, community engagement, education and awareness, digital platforms, building networks, public-private partnerships and support for cooperatives, and simplified regulation.

Water

Balanced management of water resources along the Hungarian-Romanian border


Csaba Vaszkó, Bihor-Kis-Sárrét Catchment Community ([PPT](#))

 This initiative brings together different stakeholders from both the Hungarian and Romanian parts of the catchment area. It aims at bringing back water to the landscape to be beneficial for local communities, nature and economy. Policies are needed to ensure that: water retention is prioritised over irrigation (and illegal irrigation is mapped and eliminated); water steering, transfer and abstraction is powered only by renewable energy; and legal frameworks enable trans-boundary governance and community-based solutions.



The river contract Alto Guadiana Menor – a territory united for water

Anabel Rodríguez and Antonio Román, LAG Altiplano Granada, Spain ([PPT](#))

 This initiative involves a LEADER Local Action Group (LAG) which helped to set up a River Contract Association with farmer organisations, local administration, water operators, and other relevant organisations and businesses. The river contract is a participatory tool enabling improved governance of water resources. It can help coordination between local and regional authorities, conflict resolution, transparency for user communities and building a knowledge base about the resource and adaptation to climate change.

Key messages:

- > **Opportunities** for rural communities include an improved landscape planning, enhanced linkages with urban areas, better cooperation with other sectors (e.g. tourism), as well as payments for ecosystem services or stewardship contracts.
- > **Challenges** revolve around coordination between different stakeholder needs and governance bodies, planning the consequences of extreme events, limited skills and available resources for the local community, and difficulties in maintaining the results of investment projects in the long run.
- > **Harnessing the potential** of rural areas requires holistic, cross-sectoral management and planning, and improved coordination of existing governance bodies. Promoting the value of local food to strengthen rural-urban connections, linking water management to decarbonisation targets and creating compensation systems for communities are also key.

Working groups: Enhancing territorial development tools for the green transition

Each working group discussed a specific type of territorial development tools: under the European Agricultural Fund for Rural Development (EAFRD) with LEADER/CLLD and Smart Villages; and under Cohesion Policy (CP), with Integrated Territorial Investments (ITI) and Community-Led Local Development (CLLD) approaches. It allowed participants to develop ideas on **what is needed to support rural communities' actions in the green transition** and **what are the key areas for improvement**. In each group the discussion started with a contribution from the European Commission and with one or more inspirational examples.

LEADER/CLLD

LEADER/CLLD to advance the green transition of rural areas

Iwona Lisztwan, DG AGRI ([PPT](#))



The LEADER/CLLD method, thanks to its seven unique features (bottom-up approach, area-based approach, partnership, integrated strategy, local innovation, cooperation and networking), has the potential to provide a significant contribution to the green transition, and many project examples can demonstrate it. Local Action Groups (LAGs) can choose any of the social, environmental and economic objectives of the CAP, depending on the local needs and opportunities.

The extensive network of over 100 000 local actors involved in LAGs or in their decision-making bodies plays an important role in disseminating knowledge, information and methodologies, and can provide a strong basis for supporting the green transition in future programming periods.

This presentation was complemented by two quick contributions about rural CLLD financed under the European Social Fund+ (ESF+) (by Jens Lie Stokbro, DG EMPL – [PPT](#)) and from the European Maritime, Fisheries and Aquaculture Fund (EMFAF).

'Wooden Phoenix': new life for wood

Barbara Florjančič, LAG Loško Pogorje, Slovenia ([PPT](#))

This LEADER project brought together local businesses, educational and civic sectors to foster bioeconomy and reduce waste of wood products. It involves the production of urban furniture from salvaged wood, using ideas suggested by community members and combining modern design with local tradition. The LAG helped make this project a success by fostering cooperation among different actors, encouraging innovation and sustainability, and mobilising young people in the entrepreneurial process.


Key messages:

- > The **LEADER method** has proved it is a good tool to lead the way towards green transition in rural areas. It can be trusted to support other policies, and more broadly the whole Rural Pact. LAGs can also be **partners in projects** financed from other funds.
- > Many initiatives linked to the green transition, such as bioeconomy and sustainable energy, take time to deliver results. **Financial stability** and **long-term thinking** are needed to ensure LEADER projects' sustainability and scalability.
- > It is key to involve **young people and women** in LEADER/CLLD. Achieving this may require broadening the scope of activities to cover new sectors, for example culture.

Smart Villages

Smart Villages: a territorial tool to address local needs and 'green' challenges

Maria-Christina Makrandreou, DG AGRI ([PPT](#))


 Smart Villages are local communities using innovative (for example digital) solutions to improve their resilience, building on local strengths and opportunities in a participatory manner. The European Commission has supported this approach through two rounds of preparatory actions to build the local actors' capacity, foster supportive policy frameworks and disseminate good practices.

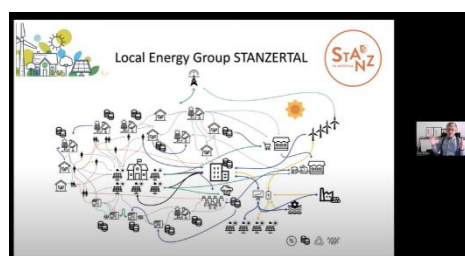


Nearly 1 000 Smart Village strategies or projects are expected to be funded under CAP Strategic Plans in 2023-2027, many of them contributing to green transition. Continued capacity building and guidance for rural communities are needed, as well as improved policy framework and funding sources.

Stanz: transformation process of a rural community

Friedrich Pichler, former mayor of Stanz, Austria ([PPT](#))

 To face environmental threats, the inhabitants of Stanz have decided to take initiative and organise themselves as an energy community. The community is working on a decentralised, participatory peer-to-peer energy system, which aims to supply 50% of their energy needs from local renewable sources in the next five years.



Key messages:

- > 'Smart Villages' is a relatively young concept which still needs **awareness raising** among both managing authorities and local actors.
- > On-the-ground **experience and knowledge must be transferred** across the EU and advocacy is needed to encourage its **wider application** in the context of shared management.
- > Currently, Smart Villages can be funded under the CAP, with a low national uptake on this measure, and with a preference to link it with LEADER. Communities need to **identify available funding sources** (see highlights report of the Policy Lab on '[EU funds paving the way to the rural vision](#)' for examples).

Cohesion policy tools for integrated territorial development

Cohesion Policy and integrated territorial development

Merja Haapakka, DG REGIO (PPT)



Cohesion Policy (CP) is the main EU investment policy available for all types of regions. It also provides a harmonised framework for integrated territorial development playing a central role in connecting local development needs with European and global objectives, and translating key topics, including green transition, into necessary investments and capacity building in our regions and territories for 'A Europe closer to citizens'.

CP support for integrated territorial development can be targeted to fostering sustainable development of urban and non-urban areas, improving linkages between rural and urban areas, to address issues linked to geographic specificity, demography etc., through multi-thematic strategies using Integrated Territorial Investments (ITI), Community-led Local Development (CLLD), or other similar territorial tools developed at national level. It should be stressed that EU policies for cohesion, agriculture and rural development, and maritime and fisheries have joint rules governing the implementation of ITI and CLLD (LEADER).

Cohesion Policy tools for integrated territorial development: CLLD and ITIs in rural areas

Stefan Kah, European Policies Research Centre, University of Strathclyde, UK (PPT)



In the 2014-2020 programming period, there were 558 rural Local Action Groups (LAGs) in 11 EU Member States which combined CP funding with rural development within multi-funded CLLD strategies (see [JRC STRAT-board](#)). In the 2021-2027 period, nine Member States (AT, BG, CZ, EE, FR, DE, PL, RO and SI) have already expressed intention to use Cohesion Policy funding under CLLD in rural areas.

For the 2014-2020 period 128 ITIs were classified as tackling 'non-urban' areas. Of those, ITIs in Greece, Italy and Portugal had small-scale interventions that could be relevant for rural communities. Many of these ITIs included topics linked to the green transition, such as low-carbon economy, climate change, environment, resource efficiency or sustainable transport.

CLLD (Community-led Local Development)

- Local Action Groups (LAGs) in rural areas with budgets that use EU Funds other than (only) EAFRD – 558 LAGs in 2014-20
- Combination of different EU Funds:
 - rural funding (EAFRD) + one or more CP Funds (ERDF and/or ESF)
- All the rural CLLD cases (so far) are also LEADER LAGs
- In most cases, rural funding is the dominant source of the LAG budget (2014-20)
 - But important CP contribution to LAG budgets – highest CP shares: CZ (80%), SK (55%) and BG (50%)
 - Significant average CP budgets per LAG, e.g. BG (€3.6m), CZ (2.6m), DE (€1.6m)



ITI develops sustainable tourism in a mountainous area

Aristotelis Stagkikas, Epirus Development Agency, Greece



The Epirus Development Agency manages LEADER and other programmes in a Greek mountainous area facing unemployment, depopulation and lack of cooperation among sectors. The ITI strategy (2014-2020) used culture as a driver of sustainable development by creating a new cultural product around ancient theatres and strengthening connections between tourism and local agri-food sectors.

The ITI strategy helped create a cluster of businesses and set up a stable governance structure for the future Destination Management Organisation (DMO). The strategy will continue in 2021-2027 and will be expanded to three further mountainous areas.

Addressing environmental issues through an ITI

Aquiles Marreiros, Regional Programme Algarve 2030, Portugal ([PPT](#))



This ITI spans across two Portuguese regions, Algarve and Alentejo, and covers rural areas facing significant water shortages, depopulation and economic decline. It aims to find sustainable solutions for water and landscape ecosystems. It applies a multi-level governance model involving cooperation between local and regional levels, while maintaining close collaboration with national ministries responsible for cohesion, agriculture and environment.

The ITI is putting in place broad participatory processes in project design and selection, using local knowledge, citizen initiatives, and a strong involvement of LEADER groups which are essential to maintain the trust of local communities.

The use of an ITI in rural areas in Piemonte

Marco del Fiore, Politecnico di Torino, Italy ([PPT](#))



In Italy, ITIs are used in rural areas to support the implementation of the National Strategy for Inner Areas, a national policy for territorial development and cohesion aiming to counteract marginalisation and demographic decline in those areas.

According to a study covering Maira and Grana Valley, Piemonte region, the area covered by the ITI strategy overlapped with the area of the LEADER LAG to a large extent, but there was little collaboration between the two. There is scope for closer alignment of strategies and more structured collaboration to achieve more effective intervention.

Multi-funded LAG launches green education financed through Cohesion Policy

Markéta Dvořáková, Brdy-Vltava LAG, Czechia ([PPT](#))



Situated in Central Bohemia, approximately 40 km from Prague along the same river (Vltava) that flows through the capital city, this LAG receives funding for its strategy from Cohesion Policy and the EAFRD. The LAG strategy combines social, educational and environmental activities, for example sustainable forestry work for long-term unemployed, education in sustainable forestry for school children, including investment in an educational trail through living nature.

The combination of investment (such as equipment or construction works) and non-investment (training, consulting, studies) funding can be very effective, and the LAG can foster practical action thanks to the trust established with the local municipality and good knowledge of the area. Rural-urban linkages are needed to address bigger challenges, for example around a river flowing through urban and rural areas.

Key messages:

- > To effectively support rural areas, territorial tools need to facilitate the **use of various funding sources**, and to facilitate access to such funding for rural actors. Some authorities perceive that linking different funds is too complex, and this can be an obstacle to integration of funding sources.
- > Better alignment between **ITIs and LAG strategies** would be desirable.
- > It is necessary to increase **local participation** and develop integrated governance models for better **coordination across levels and sectors**.
- > There is a need to raise local actors' **awareness of the different funding possibilities** and strengthen **urban-rural linkages** for more effective planning.

Co-creating conclusions and proposals – panel discussion

Key messages:

- > All EU territorial tools need to be considered in a holistic way in order to respond to multifaceted local needs and to **enable synergies**. Examples presented in breakout session show that connections between LEADER/CLLD and ITIs can be improved in many areas.
- > Also the LEADER/CLLD method is relevant for the green transition and has a big potential for creating networks, being a **key tool to foster local action**.
- > Small rural communities often **lack human resources** and **critical mass** to successfully apply for funding and implement projects. They may also need **capacity building** and **technical support** in project management.
- > Cohesion policy support is available to take action for the green transition. However, which tool to use for integrated territorial development is a decision made in the **national context**.
- > Further reflection is needed to **better streamline the way support is provided** for rural development in the post-2027 period, including in the future architecture of EU funds.
- > **Cooperation with and between municipalities** should be enhanced, but it is also important to listen to and involve **local stakeholders** who have not been involved or heard until now.
- > **Information, awareness raising** and **exchange of experience** at different levels are still needed to get a broader understanding of concepts such as Smart Villages or the Rural Pact and their potential linked to the green transition.

Panel

- [Maria-Christina Makrandreou](#), DG AGRI, European Commission
- [Iwona Lisztwan](#), DG AGRI, European Commission
- [Merja Haapakka](#), DG REGIO, European Commission
- [Hartmut Berndt](#), German LEADER Network
- [Edina Ocsko](#), Smart Villages Network
- [Stefan Kah](#), European Policies Research Centre, University of Strathclyde (UK)

The audience contributed to the discussion via a Sli.do – the ideas that gained the most support are as follows:

- > **Policies should impose fewer administrative requirements to small projects** – there are more regulation and control burdens for LEADER-funded projects/LAGs than for much bigger Horizon projects. Funding should be less complex to be accessible to more local initiatives.
- > Local initiatives to harness the potential of the green transition need **long-term funding** and stronger support for building local skills and capacity.
- > Local actors often need technical support to implement their initiatives, but **social aspects** are even more important than technical ones. It is important to promote social innovation and social entrepreneurship.
- > The upcoming agri-food vision should support and reinforce the broader ambitions of the **long-term vision for rural areas**. It is important to continue advancing the rural vision, where all rural challenges and opportunities are covered, including those of the agricultural sector.
- > The Rural Pact could support **networking and capacity building among key actors involved in the design and implementation of ITIs** and other territorial tools available to rural areas, to ensure wider take-up and use of these tools for the benefit of rural communities.

Concluding remarks

Update on activities of the Rural Pact Support Office

Pascale Van Doren, Rural Pact Support Office (PPT)

- RURAL PACT**
- > European Week of Regions and Cities session (in person, 8 October 2024) on '[Advancing the Rural Pact by fostering local action](#),' organised jointly with Interreg Europe.
 - > Policy Action Lab (in-person in Brussels, 28 November 2024) on '[Enhancing policy coordination for vibrant rural areas](#)';

Closing remarks of the European Commission



Gaëlle Marion, Head of Unit B.2 Environmental Sustainability, DG AGRI, European Commission



The Commission listened to the discussion very attentively. Rural areas continue to face environmental, climate-related and socio-economic challenges, and the green transition can help address them. The topics raised at the event are very important and it is a good moment to come forward with ideas for the future EU policies and to identify gaps in public policies.

There are many support opportunities, of which LEADER and Smart Villages are leading examples, but funding alone is not enough. There is a need to build capacities and share knowledge and practices. The rural vision is a good roadmap for improving life in rural areas and it offers opportunities for sharing experiences and mobilising support.

Join the Rural Pact Community and online platform

https://ruralpact.rural-vision.europa.eu/become-member_en



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